

Mr Doug Niven
The Chair, Auditing and Assurance Standards Board
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21 November 2025

Dear Mr Niven,

Subject: Submission on ED 02/25 (October 2025) – Proposed Australian Standard on Sustainability Assurance ASSA 2025-10 Amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (ED02/25) and ED 03/25 – Proposed Australian Standard on Sustainability Assurance ASSA 2025-11 Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements (ED 03/25)

Thank you for offering the Australian Accounting and Assurance Public Policy Committee (AAA-PPC) the opportunity to respond to the Exposure Drafts ED02/25 and ED 03/25, for which we have combined our feedback into a single letter.

The AAA-PPC represents the six large multidisciplinary accounting and assurance professional services firms in Australia. Collectively, our members provide assurance services to over 95% of Australia's 200 largest ASX-listed entities and employ the majority of external auditors nationally. We are committed to supporting frameworks that promote confidence and uphold the public interest in our profession, with sustainability assurance being a key priority.

We support the AUASB's ongoing work to bring clarity to assurance requirements for sustainability reporting under the *Corporations Act 2001*. Our responses to the specific questions within ED 02/25 and ED03/25 are set out below.

**A. ED 02/25 (October 2025) – Proposed Australian Standard on Sustainability Assurance
ASSA 2025-10 Amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in
Sustainability Reports under the Corporations Act 2001 (the Act)***

Directors' declaration

1. *Do you agree that the directors' declaration should be subject to assurance for Years 2 and 3?*

Yes. We support the directors' declaration being subject to assurance in Years 2 and 3.

2. *Would there be any significant challenges for auditors in obtaining sufficient appropriate evidence that the entity has taken "reasonable steps" for periods commencing 1 July 2026 to 31 December 2027?*

Challenges may arise for auditors where entities have not adequately defined, documented, and substantiated the "reasonable steps" they have taken to provide the declaration.

3. *Should guidance be developed to assist auditors on how to approach the "reasonable steps" criterion, noting the meaning of "reasonable steps" for entities is not within AUASB's remit?*

Yes. The provision of guidance would be beneficial for auditors to help drive consistency in the approach to the "reasonable steps" criterion, noting that the declaration will be subject to limited assurance for two years before moving to reasonable assurance over a more comprehensive directors' declaration in year 4.

Voluntary reporting (questions 4 and 5 addressed together)

4. *Do you agree with the proposed amendments on phasing for entities that choose to comply with the Act voluntarily? and 5. Views on resetting the phasing where entities opt out after voluntarily reporting; likelihood of opt in/out behaviour.*

Independent assurance underpins market confidence by providing an objective assessment of reported sustainability information. A transparent, phased assurance approach strengthens the credibility, comparability, and reliability of disclosures benefiting users and the broader market. However, assurance involves additional cost and effort, which may discourage some entities from reporting before it is mandatory. Consequently, we expect that some entities might choose to publish sustainability information without asserting compliance with the Act in order to avoid the associated obligations.

The phasing proposed appears reasonable.

**B. ED 03/25 – Proposed Australian Standard on Sustainability Assurance ASSA 2025-11
Amendments to ASSA 5000 General Requirements for Sustainability Assurance Engagements**

1. Do you agree that the wording of the auditor's conclusion/opinion should combine wording from the Corporations Act and paragraph 190(c)(vi) of ASSA 5000 as proposed in the Exposure Draft?

Yes. Combining the Act wording with paragraph 190(c)(vi) of ASSA 5000 preserves the legislative requirements while clarifying the assurance level, materiality, and evidential basis (i.e., based on the procedures performed and evidence obtained), promotes consistency with ASSA 5000, and aids user understanding. We strongly support the AUASB's rationale in the "For change" column in row 1 of the table in paragraph 18.

2. Do you agree with the proposal that in Year 2 onwards, the review/audit is based on a fair presentation framework rather than a compliance framework?

Yes. From Year 2, a fair presentation framework is appropriate and aligned with AASB S2's fair presentation basis.

3. Do you agree with the proposal that in Year 1, where only specified disclosures are subject to assurance, the review is based on a compliance framework rather than a fair presentation framework?

Yes. In Year 1, a compliance framework conclusion is appropriate given assurance covers only specified disclosures and should not suggest fair presentation of the full sustainability report.

4. Should the conclusion/opinion refer specifically to AASB S2 in addition to referring to compliance with the Act?

Yes, as it improves clarity for users, an explicit reference to AASB S2 should be included alongside the Act.

5. Should the audit opinion refer to disclosure provisions under the Act where there are no current requirements (e.g. any Ministerial legislative instrument)?

We do not recommend referencing requirements that do not currently exist. If the AUASB wishes to retain the concept, we suggest inserting the words: "and any Ministerial legislative instrument" in square brackets if and when such requirements are introduced.

6. Do you consider that in Year 4 onwards, the opinion should omit the words from "including" onward in s309A(1) of the Act?

No. The word "including" should be retained to mirror s309A(1) of the Corporations Act.

7. Do you agree that the auditor's report should use the same terminology as the Act rather than the terminology used in ASSA 5000 (for example, "review" instead of "limited assurance engagement")?

We acknowledge the report must reflect the Act terminology. However, as engagements are conducted under ASSA 5000 - aligned to international sustainability assurance standards - the report should also convey ASSA 5000 concepts such as limited assurance procedures and materiality. Reconciling terminology in the Basis for Conclusion/Opinion (e.g., explaining that a review is a limited assurance engagement and an audit is a reasonable assurance engagement) is a practical solution that satisfies the Act while maintaining alignment with ASSA 5000.

8. Do you support the inclusion of the example inherent limitation paragraph in the Illustrative Reports? Do you agree with the example provided? Please provide your reasons.

Yes. Inherent limitations are prevalent in sustainability reporting, and the examples are helpful, provided it is emphasised that they must be tailored to the entity to avoid boilerplate language.

9. Do you agree with the approach taken to auditor reporting in the narrow circumstance where an auditor gives early reasonable assurance on Scope 1 and 2 emissions in Year 1 (i.e. treatment as an opinion under the Act)? Do you believe that this situation will arise more than rarely in practice? Do you consider that a similar approach could be applied to information reported under the Act for which no assurance is required in Year 1 but the auditor gives assurance?

Yes. We agree with the proposed approach and inclusion of an Illustrative example. We expect this to arise occasionally, especially for entities with mature emissions sustainability reporting processes and prior reasonable assurance. We do not support generalising this approach to other information that is not required to be assured under the Act per ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*, and believe such information should be assured separately as "voluntary information".

10. Should the AUASB consider how to better distinguish the auditor's reports on the financial report and sustainability report. If so, how?

Yes. We consider that practical steps include: using distinct, prominent headings that specify the subject matter and encouraging placement adjacent to the relevant content in combined annual reports.

11. Should the illustrative Corporations Act assurance reports be issued in an appendix to ASSA 5000 or in a separate document?

Issuing the illustrative drafts as a separate document, cross-referenced in ASSA 5000, would allow for more timely updates during the initial implementation phase. Once practice has stabilized, incorporating them into an appendix to ASSA 5000 could be revisited. We support releasing the templates promptly and recommend prioritising Year 1 templates to address immediate needs.

12. Are there other matters not addressed by this exposure draft that should be considered by the AUASB for the proposed illustrative reports?

A) Independence paragraphs

The independence paragraph within the illustrative drafts currently offers two dated APES 110 references, which may cause confusion. We recommend a general reference to APES 110, with the applicable version determined by the relevant commencement date, as outlined within APES 110 itself. If a dated citation is necessary, an initial example for December 2025 year-ends could reference the correct version, with subsequent guidance updated as new versions take effect.

B) Illustrative Drafts wording queries

There are edits which we believe warrant being made in the Illustrative Drafts.

- Illustrative 1

The Auditor's Responsibilities section states "Our objectives are to plan and perform the review to obtain limited assurance about whether the Sustainability Climate Information, defined in the Review Conclusion...". The 'Sustainability Climate Information' is not defined in the Review Conclusion section of the report and should be replaced with 'Sustainability Disclosures'.

- Illustrative 2

The heading of this report is 'INDEPENDENT AUDITOR'S REPORT ON SPECIFIED SUSTAINABILITY DISCLOSURES OF ABC COMPANY LIMITED'S'. We believe the "S" at the end of this sentence should be removed

The line 'We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion'. Given this is a limited and reasonable assurance report, we believe this read 'conclusion and opinion'.

We appreciate the AUASB's efforts to promote clarity and consistent application of assurance requirements in this evolving area. We would welcome further discussions to support practical implementation and are available to engage on any queries or opportunities for clarification.

Yours sincerely



Shaun Kendrigan, AAA-PPC Chair